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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Wheat.** Winter wheat production is forecast at 1.74 billion bushels, up 2% from May 1, but down 7% from last year. Based on conditions as of June 1, the U.S. yield is forecast at 42.9 bushels per acre. Harvested grain area totals 40.6 million acres, slightly less than last month. The World Agricultural Outlook Board (WAOB) projected U.S. 1998/99 ending stocks of all wheat is up 61 million bushels from last month because of higher production and reduced exports. The projected price range for 1998/99 is \$2.90 to \$3.30 per bushel.

♦**Corn.** The U.S. 1998 corn crop is projected at 9.64 billion bushels by the WAOB, up almost 275 million bushels from 1997, and second only to the 10.1 billion, 1994 crop. The March *Prospective Plantings* area and a trend yield of 129.6 bushels per acre are assumed. Total U.S. 1998/99 corn supplies are up 6% because of the larger crop and higher carry in stocks. The projected price range for the 1998 corn crop is \$2.05 to \$2.45 per bushel. These projections are unchanged from last month.

♦**Soybeans.** U.S. 1998 soybean output is projected by the WAOB at a record 2.8 billion bushels, unchanged from last month, but up 3% from 1997. Plantings of 72 million acres would be record large and a yield of 39.5 bushels per acre would be the highest since the 1994 record of 41.4 bushels. Ending stocks for the 1998/99 season are forecasted at 425 million bushels, the highest in over a decade. Soybean prices are projected at \$4.75 to \$5.75 per bushel, down from \$6.45 for the 1997 crop. Soybean meal prices of \$138 to \$152 per short ton would be the lowest since the mid 1980's.

♦**All Oranges.** Production for the 1997-98 season is forecast at a record large 14.0 million tons, down less than 1% from the May 1 forecast, but up 11% from last season's previous record large production of 12.7 million tons.

♦**Cotton.** The U.S. cotton outlook for 1998/99 indicates lower production, mill use, and exports relative to last month. WAOB projected production is reduced 1.0 million bales to 15.7 million bales. Projected U.S. harvested area and yield are reduced due to adverse early-season weather conditions in California and Texas. Domestic mill use and exports are both reduced based on the lower available supply.

♦**Cattle.** June 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 9.70 million head, up 1% from a year earlier. Placements were up 9% from the previous year. Marketings of fed cattle were 5% below 1997. At mid-June, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$64 per cwt, down \$1.00 from mid-May. Fed cattle prices are expected to improve to near \$70 per cwt by the end of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$73 per cwt at mid-June, down about \$2.00 from mid-May.

♦**Hogs.** Hog slaughter during May was up 7 % from the previous year with one less weekday of slaughter. Average live weight was unchanged from the previous year at 256 pounds. In recent weeks, hog slaughter has been running 6 percent above a year ago. Prices at mid-June (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$42 per cwt, down about \$1.00 from mid-May.

♦**Other Livestock.** May **milk production** was up 2.1% from the previous year. Production per cow rose 2.3 % which more than offset the less than 1% decrease in cow numbers. The May **Basic Formula Price (BFP)** was \$10.88 per cwt, down \$1.13 from April. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) increased 6.6 and 8.3 cents the first and second weeks of June, respectively. This suggests that the June BFP will likely increase. During April, total **cheese** production was 7.2% above the previous year, **butter** production was down 12.5%, and **nonfat dry milk** production was down 12.8%. **Sheep slaughter** for May totaled 281 thousand head, down 11% from last year. The number of **layers** in U.S. flocks on hand June 1 were 2% above a year earlier with table egg layers up 2%,

broiler-type hatching up 3%, and egg-type hatching down 4%. U.S. **egg production** for the 2nd quarter of 1998 is expected to be up about 2% from a year ago. During May, 1998, **egg production** was up 2% from the previous year. **Market egg production** was up 2% while **hatching egg production** was up 3%. **Market egg prices** (Grade A large, NY) for the 2nd quarter of 1998 are expected to average 65 to 66 cents per dozen compared with 79.7 cents a year ago. For the week ending June 13, cumulative **broiler placements** for 1998 in the 15 selected States were 3.21 billion, up slightly from the same period a year earlier. The **broiler price** (wholesale, 12-city) for 2nd quarter is expected to average 59 to 60 cents and is expected to average between 59 to 63 cents in the 3rd quarter. Cumulative **turkey poult placements** for the 1998 marketing year are now 5 percent less than the same period a year ago. Placements in May were 11 percent less than last May due to abundant meat supplies. Prices (8-16 lb hens, Eastern Region) for the 3rd quarter of 1998 are expected to average in the 61 to 65 cent range compared with the expected 58 to 59 cents per pound for the 2nd quarter. **Supplies in refrigerated warehouses** the end of May compared with a year earlier were: chicken down 9%, turkeys up 1%, pork up 16%, beef up 12%, cheese down 6%, and frozen orange juice up 12%.

♦**Trade.** June U.S. **trade projections** for beef, pork, broilers, turkeys, corn, and rice were unchanged while 1998/99 export prospects for wheat, cotton, and soybeans declined, compared with last month. June projections for the volume of **exports** for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 6%, **corn** up 7%, **rice** down 1%, **cotton** down 24%, **soybeans** unchanged, **soybean oil** up 2%, and **soybean meal** unchanged. June projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 3%, **pork** down marginally, **broilers** up 2%, and **turkeys** up 13%. The **U.S. trade deficit** for goods and services increased to a **record level** of \$14.5 billion, up from \$13.2 billion in March. The **U.S. agricultural trade surplus** was \$895 million in April, compared with \$1.28 billion in March.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.2% in May and rose 1.7% over the last 12 months. The **PPI** rose 0.2% in May; this followed an increase of 0.2% in April. For the 12-month period ending in May, the PPI decreased 0.9%. The May **prime rate**, at 8.5%, has been unchanged since April 1997. Compared to a year earlier, **feed prices** in May were down 17%, **feeder livestock and poultry prices** were down 5%, **fertilizer** down 8%, **ag chemicals** up 0.8%, **farm machinery** up 3%, **seeds** up 3%, and **fuels** down 10%.

♦**World Weather and Crop Developments** (May 10-16). Rain showers in the Great Plains continue to provide beneficial moisture for winter wheat and spring-sown crops in the north, while scatter thunderstorms are causing brief winter wheat harvest delays in central and southern areas. Across the western Corn Belt, showers and thunderstorms are maintaining unfavorable wet soils. Drought continues to intensify from eastern New Mexico to southern Georgia and Florida.

Widespread light to moderate showers continued in most of northern and eastern **Europe**, benefiting winter grains in the filling stage and spring grains in, or nearing, the heading stage. Little, if any, precipitation fell in **Russia**, with drought conditions developing in parts of the **North Caucasus, Volga Valley**, and eastern portions of the **Central Black Soils Region**. Hot, dry conditions in Russia were accompanied by very low humidities, irreversibly damaging winter grains in the filling to maturing stages and reducing prospects for spring grains in or nearing reproduction. Hot, dry weather prevailed in the **Urals** and major spring grain producing areas in **Kazakhstan** during most of the week, rapidly depleting topsoil moisture. Extreme maximum temperatures in these areas increased stress on spring grains in the jointing stage. Rain maintained adequate to abundant moisture levels for crop establishment throughout **Western Australia's** winter grain belt. The southwest monsoon brought moderate to heavy showers to much of central **India**, improving prospects for grain, oilseed, and cotton planting. The rain reached the important east coastal rice areas as well as soybean, coarse grain, cotton, and sugarcane areas of west-central India. Dry weather returned to **Mexico's** southern Plateau corn belt, slowing corn planting. Significant showers were confined to coastal areas of southwestern Mexico.

♦**Other News. Export Update (ERS):** U.S. agricultural exports for Oct. 1997-April 1998 total \$34.8 billion, 3% less than the same period a year earlier. **Imports** for the same period, at \$22.2 billion, were 6% above the prior year. **Corn** exports for the period totaled \$2.6 billion compared with \$4.2 a year earlier. Exports of **wheat** and **rice** rose, while exports of **soybeans** and **cotton** showed some increase in quantity but fell in value. The **ag export surplus** for fiscal 1998 to date is down 17%. **U.S. ag exports** for all of FY1998 are expected to total \$55 billion, down 4% from a year earlier. **Exports to Asia** are expected to total \$20.3 billion, 15% less than in FY1997. Per capita consumption of **fresh vegetables** increased 4% in 1997. Per capita consumption of **processed vegetables** declined 2% in 1997. U.S. growers are expected to harvest 1% more acres of fresh-market vegetables and melons this spring (April-June). Acreage of major processed vegetables (tomatoes, sweet corn, snap beans, green peas, and cucumbers) is expected to be up 3% in 1998.
